[Translation]

Overdraft by States

638. SHRI GIRDHARI LAL BHARGAVA : Will the Minister of FINANCE be pleased to state:

(a) whether the State Governments have been requesting the Union Government for extending the period of repayment of the amount of overdraft; and

(b) if so, the reaction of the Union government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) and (b) As per available records, there is no request pending from State Governments in the Ministry of Finance for extending the time limit to clear the overdraft of States in their accounts with RBI. The overdraft regulation policy was last reviewed by RBI in 1993 and the time limit for clearance of overdraft was extended from 7 days to 10 days w.e.f. 15th October, 1993. The scheme is working satisfactorily at present and further modification of the scheme does not appear necessary.

[English]

Tax on Indian Ships

639. SHRI L. RAMANA : Will the Minister of FINANCE be pleased to state:

(a) whether the Indian ships have to bear a much heavier burden to taxes than their foreign counterparts;

(b) if so, whether the shipping industry has requested the Government for tax concessions to gain a level playing field with international maritime operators; and

(c) if so, the reaction of the Government in regard thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (c) Some representations have been received from the Indian shipping industry demanding fiscal incentives. However, there is no Central excise duty on ships manufactured in India, nor is there any Customs duty on ships imported into India. Also, the existing income tax rates are comparable to the lowest rates prevailing in other countries.

Infrastructure Investment by LIC

640. SHRI CHANDRABHUSHAN SINGH : Will the Minister of FINANCE be pleased to state:

(a) whether the government have widened the scope of 'Socially Oriented Sectors' especially for infrastructure investment by the Life Insurance Corporation; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) and (b) Prior to July, 1997 the socially oriented sector investments of the LIC consisted of loans for Housing Schemes, Electricity Boards, Water Supply and Sewerage Boards, State Road Transport Corporations, Co-operative Industrial Estates and Sugar Co-operatives. From 30th July, 1997 onwards the scope of socially oriented sector investments has been enlarged to include investments in projects relating to Ports, Roads and Highways, Railways (i.e. BOLT projects) and Airports. LIC has also been allowed to invest in private sector projects also subject to availability of suitable schemes which satisfy their prudential norms.

Utilisation of Budget Allocation

641. SHRI SONTOSH MOHAN DEV : Will the Minister of FINANCE be pleased to state:

(a) whether a number of State Governments have failed to utilise funds allotted for agricultural and rural development;

(b) if so, whether these States have diverted these funds for other purposes; and

(c) if so, the number of States diverted the funds and the action taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (c) As per the policy approved by the NDC, Central Assistance is given to the States for their plans in the shape of block loans and grants without relating it to any individual scheme, group of schemes or head of development. At the same time, in order to ensure that the priorities of the Plan are generally maintained in the course of development, outlays under certain heads and sub-heads of development and for some specified schemes are to be earmarked. The procedure of reduction in Central Assistance for non-adherence by the States to the outlays of earmarked schemes/programmes has also been laid down whereby the State Govts. are not expected to divert the earmarked outlays to any other programme/scheme. However, the States enjoy freedom to re-arrange/change outlays within the non earmarked areas including diversion to earmarked schemes/sectors/projects so long as the total Plan outlays remains unchanged. The earmarking of sectors/schemes/sub-sectors vary from State to State according to the priority of those States. The States in respect of which cuts on Central Assistance were affected during 1995–96 on account of shortfall on the expenditure in the earmarked sub sectors/schemes under the sectors of agriculture and rural development as also the amounts of shortfall and cut are shown below:—